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C O N F I D E N T I A L SECTION 01 OF 02 MANAMA 001814

SIPDIS

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TAGS: [PREL](#) [BA](#) [GCC](#)

SUBJECT: SAUDI STATEMENT ON GCC BILATERAL AGREEMENTS
CONCERNS BAHRAIN

REF: A. MANAMA 1792 B. MANAMA 1708

Classified By: Ambassador William T. Monroe. Reason: 1.4 (b)(d)

11. (C) Summary. Saudi FM Prince Saud, speaking at a conference in Bahrain December 5, criticized bilateral security and economic agreements between GCC countries and international powers. Bahrain quickly reacted publicly and privately. Publicly, it issued a statement defending its signing of the FTA with the U.S. as in full accord with GCC commitments. Privately, the Crown Prince summoned the U.S. and British Ambassadors to register concern, and the King is set to travel to Saudi Arabia December 7 to raise the issue personally with CP Abdullah. The Bahrainis are concerned about an apparent Saudi effort to ratchet up pressure on them, but have also made it clear this will not impact on their enthusiasm for the FTA. End summary.

12. (C) Crown Prince Shaykh Salman Al-Khalifa summoned the American and British Ambassadors December 6 to register Bahrain's concern about remarks delivered the day before in Bahrain at the concluding session of the IISS-sponsored "Gulf Dialogue" conference by Saudi Foreign Minister Prince Saud Al Faisal criticizing GCC countries who enter into bilateral agreements with international powers.

13. (U) In his speech, entitled "Towards a New Framework for Regional Security," Prince Saud called for a new framework based on three interdependent components: sub-national, regional, and international. At the sub-national level, Prince Saud recognized the need for meaningful political, economic, social, and educational reforms, but said they needed to be prioritized and designed on a country-by-country basis. On the regional level, he said that security of the GCC countries will depend on collective efforts, stating:

"It is thus alarming to see some members of the GCC enter into separate bilateral agreements with international powers, on both security and economic spheres, as precedence over the need to act collectively. These separate arrangements are not compatible with the spirit of the Charter of the GCC. They diminish the collective bargaining power and weaken not only the solidarity of the GCC as a whole, but also each of its members in both the immediate and long terms. In the economic sphere, the agreements entered into are in clear violation of the GCC's economic accords and decisions. What is more important, these agreements shall impede the progressive steps needed to achieve full Gulf economic integration...." (Full text of speech faxed to NEA/ARPI.)

14. (C) Coming on the heels of press reports citing an unnamed official from a GCC country saying the U.S.-Bahrain FTA violated the GCC charter (ref a), Bahraini officials felt they were a particular target of this statement (although Shaykh Salman said the Kuwaitis "were jumping up and down" after the speech). Deputy Prime Minister and Foreign Minister Shaykh Mohammed promptly issued a statement to the press defending the FTA, saying that it was consistent with its GCC commitments and that "there is nothing that violates the agreements."

15. (C) In his meeting with the U.S. and British Ambassadors, CP Shaykh Salman said the King had been briefed on the speech upon his return to Bahrain the night before and instructed the CP to pass on his concerns to the two Ambassadors. Shaykh Salman said there is a danger for all of us if Saudi Arabia starts throwing its weight around. This is something that needs to be managed, he said, and wondered if Washington or London had a position on this. The Saudi position is not rational, he said, and if it becomes an issue at the upcoming GCC Summit, it could be a problem. He added that Bahrain does recognize that Saudi Arabia is the most important country in the region, and that Bahrain will of course stand firm with the Saudis as they go through this "hissy fit."

16. (C) The Crown Prince said that it was Bahrain's impression that Prince Saud was uncomfortable delivering a message that was dictated to him from above. Before actually giving his speech, he shared the text with the Bahrainis, saying that he tried to tone down the message as much as he could. The Crown Prince said that King Hamad will travel to Saudi Arabia on December 7 to meet with CP Abdullah and tell him that this statement was not helpful and was detrimental not only to Bahrain and other GCC countries, but also the U.S. He will say that GCC countries need to work as partners with

countries outside the region. If Bahrain can't sign an agreement such as an FTA with the U.S., the CP asked, who can it sign such an agreement with? Djibouti? How will that help? And what do the Saudis want Bahrain to do? Withdraw from the Free Trade Agreement?

17. (C) The Crown Prince reiterated concerns he and the King had made to Deputy Secretary Armitage last month about recent actions by the Saudis against Bahrain, including a cut-off in sales of sand (essential for the cement industry), and a failure to restore 50,000 b/d of oil that had previously been given to Bahrain (ref b). He said that the King would raise the oil issue in his meeting with CP Abdullah.

18. (C) Separately, just after Prince Saud's speech, UAE MFA Undersecretary Abdullah bin Rashid Al-Nuaymi told NSC PG Director Theroux that Saudi Arabia is "squeezing" Bahrain, cutting aid (both financial and oil). "Please do something," he said, "This is bad." He added that he was mentioning this as a personal comment, and not as an official message.

19. (C) Comment: Bahrainis have made it clear, both publicly and privately, that Saudi pressure will not impact on their enthusiasm for the FTA, which they see as strongly in their national interest. Nonetheless, there is clear concern that the Saudis are ratcheting up pressure on them. Given Bahrain's economic dependence on Saudi Arabia, it will most certainly want to stress resolution, rather than confrontation, with the Saudis on this issue.

110. (U) Baghdad minimize concern.
MONROE